

ECONOMIC COMMENTARY

How is Alberta's Labour Market Performing in 2014?

November 18, 2014

Highlights:

According to a number of labour indicators, Alberta's labour market has continued to perform well in 2014. Nevertheless, Alberta's labour market has remained fairly balanced as a result of the large number of workers that enter the province from other provinces and other countries because of Alberta's booming economy.

There are a number of labour indicators, such as employment and unemployment, help-wanted ads and job vacancies, which can be used to gauge the health of Alberta's labour market. Most of these indicators suggest a strong and balanced labour market.

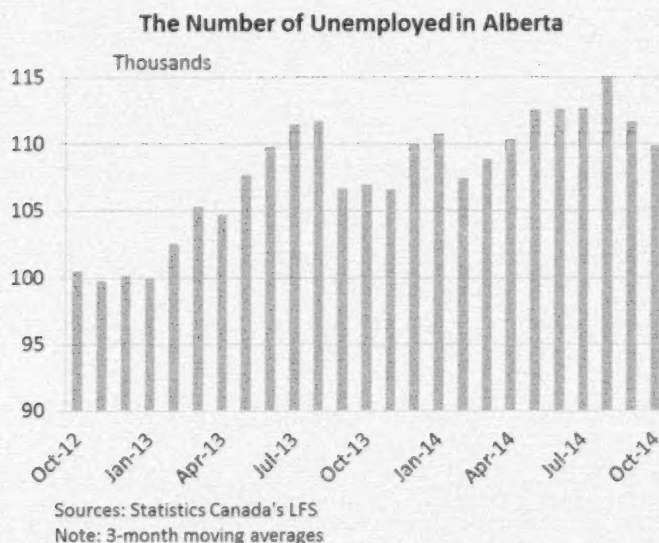


In the following discussion of employment and unemployment estimates from Statistics Canada's Labour Force Survey (LFS) we have used three-month moving averages because of the volatility in the monthly estimates.

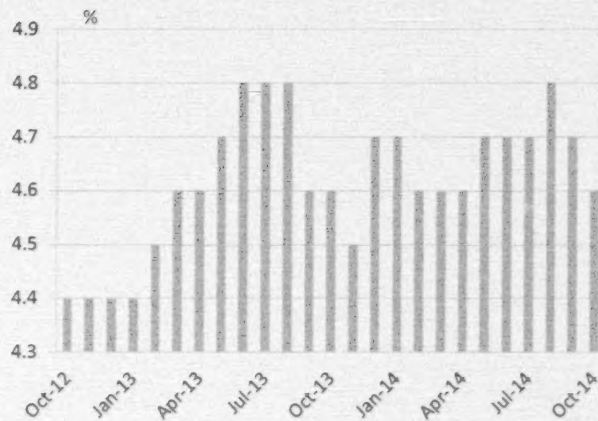
Recent LFS estimates suggest that Alberta's labour market has remained strong so far this year, as employment grew by 45,000 between December 2013 and

October 2014. Moreover, Alberta accounted for 36% of Canada's total gain of 126,300 workers over that period. However, there is some evidence of a weakening in Alberta's labour market during the past few months according to the latest LFS estimates.

Between December 2013 and October 2014, employment in Edmonton rose 15,900 and in Calgary 10,100. However, these two metropolitan areas have had very different trends in employment over that period. Between December and May, employment levels increased sharply in Edmonton, followed by a slight drop during the months of June through October. In Calgary, employment was virtually unchanged between December and May, followed by solid gains between June and October.



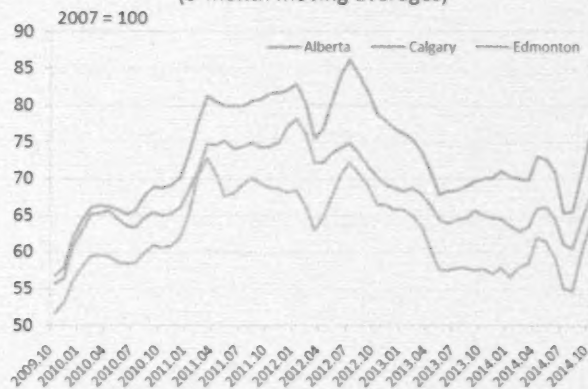
As of October 2014, the number of unemployed Albertans was virtually the same as it was in December 2013. The net impact of rising employment combined with stable unemployment, has been that the unemployment rate has remained low and fairly stable. It was 4.6% in October, much lower than Canada's 6.8% rate (both rates are three-month averages).

Alberta's Unemployment Rate

Source: Statistics Canada's LFS (3-month moving averages)

provincial and international in-migration, which in turn are the result of Alberta's robust economic performance during the past four years.

The company based Survey of Employment, Payrolls and Hours (SEPH) also showed strong employment growth during the first eight months of 2014: the SEPH survey suggests that companies increased their payrolls by about 40,000 workers between December 2013 and August 2014. Moreover, this survey does not suggest any weakening in Alberta's labour market as yet. Hiring in the construction sector has again been especially strong this year with a 12,100 job gain between December and August. The accommodation and food services sector gained 7,700 jobs over the same period.

Help-Wanted Index
(3-month moving averages)

Source: Conference Board of Canada

The phenomenon of simultaneously rising employment and stable unemployment can be explained by the large increases in Alberta's labour force resulting from near-record levels of in-migration. Between July 2013 and July 2014, Alberta's population rose 2.9%, a rate of growth that is more than double Canada's 1.1% increase and is also sharply higher than Alberta's average growth rate of 2.1% of the past 20 years. Most of the population increase is due to very high levels of inter-

The Conference Board of Canada has developed a Help-Wanted Index of on-line job postings. On-line postings in Alberta, Calgary and Edmonton had weakened since April 2014 to reach a four-year low by July, which was pointing to weakness in employment gains over the near term. However, this index has improved strongly since July. Hopefully, this is signaling continued strength in Alberta's labour market over the near-term. The Conference Board of Canada also has a

labour market tightness indicator, which is a ratio of the number of unemployed per job ad posted. In October, there were 1.4 unemployed people for each job posted on-line, the lowest

reading for this indicator since the end of 2008 - again a positive sign for those looking for work in Alberta.

Statistics Canada's job vacancy estimates also paint a positive picture for job seekers. The number of vacancies peaked in mid-2012 and was slowly trending downward until January 2014. The number of vacancies has steadily increased since then and stood at 50,000 in July, up from 43,400 in January.

Most indicators, such as rising employment levels combined with stable unemployment, indicate a very healthy labour market with plenty of employment opportunities, yet with enough slack in that market so that most employers can meet their hiring needs.